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FISCAL IMPACT STATEMENT

LS 6886

BILL NUMBER: SB 262

NOTE PREPARED: Dec 26, 2003

BILL AMENDED:

SUBJECT: Tuition Rates for State Universities.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a state higher education institution may increase the tuition for an undergraduate student by not more than 3% each year for four academic years (for four-year schools) or two academic years (for Ivy Tech and Vincennes) following the academic year in which the student first enrolls in the institution. It requires a state higher education institution to set tuition rates for the following academic year and notify the Budget Committee of the rates set before December 1 of each year.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues: The bill states that beginning with the 2005-06 academic year, the tuition charged an undergraduate student may not be increased by more than 3% for the four consecutive academic years, two years for Ivy Tech State College and Vincennes University, following the academic year in which the student first enrolls. The bill would reduce future revenue options or funding sources universities currently have available since they would not be able to increase tuition by more than 3% for returning students. The impact would depend on the action of the universities. The universities might offset the possible further revenue reduction by reducing expenditures, raising or inflating fees of incoming students to offset anticipated expenditure increases, or increasing revenue from nontuition sources. Nontuition sources could include grants, student fees, or donations.

Background Information: For the 2003-04 academic year, returning Indiana students had a 5% or less increase in tuition. The average increase in tuition for first-time entry Indiana students was 14%.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Universities.

Local Agencies Affected:

Information Sources: Postsecondary Education Tuition and Required Fees in Indiana:2003-04 by the Indiana Commission for Higher Education.

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